



State of Utah

Department of
Natural Resources

ROBERT L. MORGAN
Executive Director

Division of
Oil, Gas & Mining

LOWELL P. BRAXTON
Division Director

OLENE S. WALKER
Governor

GAYLE F. McKEACHNIE
Lieutenant Governor

November 3, 2004

Mr. Eric York
Moab Salt, LLC
Highway 279 Potash Road
P. O. Box 1208
Moab, Utah 84532

Subject: Approval of Amended Notice of Intention to Commence Large Mining Operations, Moab Salt LLC, Cane Creek Mine, M/019/005, Grand County, Utah

Dear Mr. York:

The Division of Oil, Gas and Mining has completed its review of your amended Notice of Intention to Commence Large Mining Operations originally received October 23, 2003, and hereby approves the amendment. The School and Institutional Trust Lands Administration was also consulted and they agree with the proposed amendment (see attached letter).

The Division has reviewed and adjusted the reclamation surety estimate. The amount, as shown on the attached estimate sheet, is \$6,266,800. The Division currently holds six surety bonds for a total amount of \$13,247,000, and although there is no requirement to reduce this amount, we assume you will want to do this. This letter serves as authorization for the bond amount to be reduced as shown. If you plan to reduce the surety amount, please contact us on how you wish to proceed so we can furnish you with the correct forms.

We need to receive two complete, finalized copies of your plan. Once we receive them, we will stamp them approved and return one copy to you. Please submit these copies by December 3, 2004.

Eric York
Page 2 of 2
M/019/005
November 3, 2004

Thank you for your cooperation during the review process. We believe the reclamation plan has been significantly improved, and we look forward to working with you during implementation of the initial aspects of the plan, such as the test plots. Please call me at 801-538-5325 if you have any questions about this approval.

Sincerely,

A handwritten signature in black ink that reads "Daron R. Haddock". The signature is fluid and cursive, with the first name "Daron" and last name "Haddock" clearly legible, and "R." as a middle initial.

Daron R. Haddock
Permit Supervisor
Minerals Regulatory Program

DRH:PBB:jb
Attachment: Cost Estimate, SITLA letter
cc: Will Stokes, SITLA
O:\M019-Grand\M0190005-MoabSalt\final\app-11032004.doc

Moab Salt, LLC	last revision	01/26/05
Cane Creek Mine	filename M019-007.xls	
DOGM file Number M/019/007	Grand County	
Prepared by Utah State Division of Oil, Gas & Mining		
<p>Bond amounts calculated by Shaw Environmental for 2004 amendment.</p> <p>Facilities demolition bid from Bel Air Excavating, Denver, Colorado Demolition bid will need to be renewed and updated during the next bond review.</p>		
<p>Note: actual unit costs may vary according to site conditions last unit cost update 10/07/02</p>		
-Amount of disturbed area which will receive reclamation treatments =		946.4 acres
-Estimated total disturbed area for this mine =		946.4 acres
<u>Activity</u>	<u>Quantity</u>	<u>Units</u>
<u>Reclamation Element</u>		<u>\$/unit</u>
		<u>\$</u>
		<u>Note</u>
Residual Fluid Disposal		484,880
Facilities Demolition (Bel Air Bid)		1,891,732
Tailings Pond Area (Includes hauling & grading landfill material)		196,298
Reclaim Plant Area		149,582
Reclaim Pipeline Areas		14,048
Reclaim Solar Pond Areas		1,560,853
Reclaim Solar Pond Borrow Areas		8,020
Reclaim Salt Roads		10,560
Reclaim Solar Pond Infrastructure Areas		19,160
Reclaim Cut-Off/Pump Back Areas		31,384
Reclaim Drill Hole Pads		37,020
Reclaim Site Roads		16,880
Reclaim Aggregate Borrow Area		2,380
Construct & Monitor Test Plots		39,366
Initial Revegetation		236,265
Corrective Action (20% of Areas)		67,024
Bond Release Evaluation/ Analysis/ Documentation		9,200
Project Construction Management (5%)		238,732
	Subtotal	\$5,013,384
10% Contingency		\$501,338
	Subtotal	\$5,514,722
Escalate for 5 years at 2.59% per year		\$752,120
	Total	\$6,266,843
Rounded surety amount in year 2009 \$		\$6,266,800
Average cost per disturber acre =	6622	



State of Utah

School and Institutional
TRUST LANDS ADMINISTRATION

675 East 500 South, Suite 500
Salt Lake City, Utah 84102-2818
801-538-5100
801-355-0922 (Fax)
<http://www.trustlands.com>

Olene S. Walker
Governor

Kevin S. Carter
Director

M/019/005

November 1, 2004

RECEIVED

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DIV OF OIL GAS & MINING

Department of Natural Resources
Division of Oil, Gas and Mining
1594 West North Temple
Suite 1210
Salt Lake City, Utah 84114-5801

Attn: Daron R. Haddock, Permit Supervisor

Re: Change in Reclamation Plan and Reduction of Reclamation Bond, Moab Salt, LLC,
Cane Creek Mine, DOGM File # M/019/005, Grand County, Utah

Dear Mr. Haddock:

The School and Institutional Trust Lands Administration is in receipt of your letter, dated October 20, 2004, regarding approval to amend the reclamation plan and reduce the reclamation bond for the above referenced Cane Creek Mine.

The Trust Lands Administration has reviewed the change of reclamation methods proposed by Moab Salt LLC, and has also monitored the progress of reclamation at the Cane Creek Mine site. With this letter the Trust Lands Administration agrees to the proposed amended reclamation plan and reduction of reclamation bonding as referenced in your October 20, 2004 letter.

Sincerely

William M. Stokes
Minerals Resource Specialist

cc: Tom Faddies, Assistant Director Minerals
File